



Sales Tax Information for Health Care Providers



Utah State Tax Commission

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If you need an accommodation under the Americans with Disabilities Act, contact the Tax Commission at (801) 297-3811, or TDD (801) 297-2020. Please allow three working days for a response.

Introduction

This publication provides tax information relating to health care providers. General sales and use tax information is available in Publication 25.

Tax Commission publications are reference tools. They are not all-inclusive and should not be used as legal references.

Tax laws may change due to legislative action. Changes to law will supersede any information in this publication.

Drugs

A drug is defined as a compound, substance or preparation, or a component of a compound, substance or preparation that is:

- recognized in the official United States Pharmacopoeia, official homeopathic Pharmacopoeia of the United States, official National Formulary, or a supplement to their publications;
- intended for use in the diagnosis, cure, mitigation, treatment, or prevention of disease; or
- intended to affect the structure of the body, or any function of the body.

A drug does not include

- food and food ingredients,
- a dietary supplement,
- an alcoholic beverage, or
- a prosthetic device.

The amounts paid for a drug are exempt from sales tax if:

1. the item is intended for human use; and
2. a prescription was issued for the item or the item was purchased by a hospital or other medical facility.

Syringes

The purchase of syringes is exempt from sales tax if:

1. the syringes are intended for human use; and
2. a prescription was issued for the item or the item was purchased by a hospital or other medical facility.

Oxygen

The amounts paid for oxygen are exempt from sales tax if:

1. the item is intended for human use; and
2. a prescription was issued for the item or the item was purchased by a hospital or other medical facility.

Stoma Supplies

A stoma is an artificial opening, usually in the abdominal wall, made in surgical procedures.

The amounts paid for stoma supplies are exempt from sales tax if:

1. they are intended for human use; and
2. a prescription was issued for the item or the item was purchased by a hospital or other medical facility.

Durable Medical Equipment

Durable medical equipment is equipment that:

1. can withstand repeated use,
2. is primarily and customarily used to serve a medical purpose,
3. is generally not useful to a person in the absence of illness or injury,
4. is not worn in or on the body, and
5. is for home use only.

Durable medical equipment also includes parts used in the repair or replacement of the equipment described above.

The sale or rental of durable medical equipment is exempt from sales and use tax as long as a prescription is presented.

Examples of durable medical equipment include pumps used to recharge oxygen bottles, hospital beds used in the home, etc.

Durable medical equipment does not include mobility enhancing equipment.

Mobility Enhancing Equipment

Mobility enhancing equipment means equipment that is:

1. primarily and customarily used to provide or increase the ability to move from one place to another,
2. appropriate for use in a home or motor vehicle, and
3. not generally used by persons with normal mobility.

Mobility enhancing equipment includes parts used in the repair or replacement of qualifying equipment. It does not include:

- a motor vehicle,
- equipment on a motor vehicle if that equipment is normally provided by the motor vehicle manufacturer,
- durable medical equipment, or
- a prosthetic device.

Sales or rentals of mobility enhancing equipment are exempt from sales and use tax only if the purchaser presents a prescription for the mobility enhancing equipment.

Examples of mobility enhancing equipment include wheel-chairs, crutches, walkers, canes, etc.

Disposable Home Medical Equipment or Supplies

Disposable home medical equipment or supplies means equipment or supplies that:

1. cannot withstand repeated use,
2. is used exclusively by a person for whom a prescription is prescribed, and
3. is eligible under Titles 18 or 19 of the Federal Social Security Act.

Prosthetic Devices

A prosthetic device means a device worn on or in the body to:

1. artificially replace a missing portion of the body,
2. prevent or correct a physical deformity or physical malfunction, or
3. support a weak or deformed portion of the body.

A prosthetic device includes:

1. parts used in the repairs or renovation of a prosthetic device, or
2. replacement parts for a prosthetic device.

The sales of prosthetic devices are exempt from sales tax if:

1. used in or on a human, and
2. a person presents a prescription for the prosthetic device.

A prosthetic device does not include:

1. corrective eyeglasses,
2. contact lenses,
3. hearing aids, or
4. dental prostheses.

Hearing Aids

The sale of hearing aids and hearing aid equipment is exempt from sales tax. Parts used in the repair or renovation of hearing aids or hearing aid accessories are also exempt. Batteries are not considered parts and are therefore not exempt.

A hearing aid is defined as:

- an instrument or device with an electronic component designed to improve human hearing and be worn in or affixed behind the ear;
- a device that is surgically implanted into the cochlea; or
- a telephone amplifying device.

A hearing aid does NOT include:

- an instrument or device with an electronic component designed to be worn on the body (other than the ear);
- an assistive listening device or system, other than a telephone amplifying device, designed to be used by one individual; or
- an assistive listening device or system designed to be used by more than one individual.

A hearing aid accessory is defined as a hearing aid component, attachment, or accessory, and includes:

- a hearing aid neck loop;
- a hearing aid cord;
- a hearing aid ear mold;
- hearing aid tubing;
- a hearing aid ear hook; or
- a hearing aid remote control.

A hearing aid accessory does not include a hearing aid battery or an accessory designed to be used only with an item that does not qualify as a hearing aid.

Optometrists, Opticians and Ophthalmologists

Optometrists and ophthalmologists are required to collect sales tax on all tangible personal property sold in connection with eye examinations. Eyeglasses, contact lenses, non-prescription sunglasses and cleaning solutions are tangible personal property. If the value of the professional service of examining eyes is separately stated on the invoice, no tax is due on the examination fee. If the fee is not separately stated, the entire charge is taxable.

Opticians who fill prescriptions for glasses and contact lenses are considered retailers. Any service performed is incidental to the sale of the tangible personal property and is fully taxable.

Health Care Facilities

Under certain conditions a health care facility may be considered a permanent residence, thereby qualifying to pay sales tax on utilities at the residential rate rather than the commercial rate. A health care facility may be considered a permanent residence if it serves as the permanent residence for the majority of its residents because they are unable to live independently.

A health care facility may apply for a refund of the sales taxes paid on utilities in excess of the residential sales tax rate for periods occurring within the three-year statute of limitations.

Refund Procedures

To receive a refund, a health care facility must:

1. Request its utility companies to supply it with the amount of each period billing and the amount of tax paid;

2. Send a request for refund to the Tax Commission. The request should include the name of the health care facility, the name under which it is licensed to do business if different, the total occupant capacity, and the number of permanent residents of the health care facility. In addition, the information supplied by the utility company should be attached to the request for refund. Finally, a health care facility must attest that it has not received refunds of sales taxes from its utility companies. A health care facility must also notify its utility companies that future bills should be taxed at the residential sales tax rate.

Inpatient Meals

Charges to patients for inpatient meals provided by a nursing facility or a medical facility are exempt from sales tax. This exemption applies to:

1. food and food ingredients,
2. prepared food, or
3. alcoholic beverages.

Purchases of food and food ingredients, prepared food, or alcoholic beverages by a nursing facility or a medical facility to be used in providing inpatient meals are also exempt.

Sales tax publications provide general guidance only. They do not contain all sales or use tax laws or rules. If you need additional information, call (801) 297-7705 or 1-800-662-4335, ext. 7705 (outside the Salt Lake area), or email taxmaster@utah.gov.